

NEW SOUTH WALES.

BUSINESS STATISTICS - WEEKLY NOTES.

9th APRIL, 1940.

This Week's Notes include:-

PART I

SEASON. Rain in southern and central districts.

EXPORT PRICES AND EXTERNAL TRADE CONDITIONS: Export prices steady - Price relationships - English Commercial Corporation, Ltd. - Reduced unemployment in Great Britain. U.S. Reciprocal Trade Agreements Act extended.

WOOL: Progress of appraisements. Criticism of British Wool Control.

WHEAT: Oversea markets steady. Heavy supplies in U.K. Local market quiet.

BUTTER: Production in N.S.W. Factories - Feb. and July-Feb., 1939-40.

Pay to suppliers to North Coast factories, March, 1940.

Supplies and consumption in U.K.

METALS: Tin prices firm in London. Visible supplies declining.

Average Aust. export prices, February, 1940.

PART II.

INTERNATIONAL CURRENCY RELATIONS: Slight recovery of sterling in open market. American reactions to depreciation of sterling. Fixed Aust. exchange rates for U.S. dollars and Dutch East Indies guilders.

PART III. BANK CLEARINGS - SYDNEY.

Amount - March and March Qr., 1940.

Index Number - March Qr., 1940.

REAL ESTATE - NEW SOUTH WALES.

Sales and Mortgages Registered - March and Mar. Qr., 1940

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- Weighted Average Rates, Rural and Urban Mortgages - March Quarter, 1940.

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- Commonwealth £18m. Works and Defence Loan.

OVERSEA TRADE, N.S.W.

- Commodity Trade - Feb. and July-Feb., 1939-40.

PART IV.

IRON AND STEEL, N.S.W.

- Indexes of Production - February, 1940.

PART I. PRIMARY AND EXPORT INDUSTRIES.

SEASON. Beneficial but light rain fell in southern and central parts of the State and in coastal areas last week. Divisional averages up to Thursday last were:- Southwestern Slopes, 182 points; Southern Tablelands, 123 points; Central Tablelands, 92 points; Riverina, 87 points; Central Western plains and Slopes, 48 points. Southwestern inland areas received further substantial falls over the week end. Many places on the Coast south of Newcastle need rain urgently, the Upper Hunter Valley is still drought-stricken, and elsewhere following rains will be required to assure satisfactory conditions for the winter.

EXPORT PRICES AND EXTERNAL TRADE CONDITIONS. Export prices in Australian currency are steady at 81.3 per cent. of the 1927 average and 20 per cent. above the average for 1938-39. Small consignments of Australian apples and pears are now being marketed in the United Kingdom. No further large-scale export sales of Australian wheat have been reported.

Because of the improvement in export prices the Australian price structure has been brought nearer to equilibrium. Between December, 1938 and 1939 export prices rose over 20 per cent. while wage rates and retail prices rose only slightly. An increase of $8\frac{1}{2}$ per cent. in non-rural wholesale prices was due, mainly, to higher landed costs of imported goods. Index numbers illustrating price relationships are:-

PRICE INDEX NUMBERS - NEW SOUTH WALES.

| | Export Prices (Australian Currency.) | Wages. Weighted Av. Adult Weekly Rates. | Non-Rural Wholesale Prices. | Retail Prices. (All Items) |
|-------------------|--|--|-----------------------------------|----------------------------------|
| Average - 1927-29 | 100 | 100 | 100 | 100 |
| 1936 | 86 | 82 | 89 | 84 |
| 1937 | 98 | 90 | 90 | 86 |
| 1938 | 75 | 91 | 93 | 87 |
| 1939 | 73 | 94 | 94 | 89 |
| December, 1937 | 84 | 91 | 94 | 87 |
| 1938 | 69 | 93 | 93 | 88 |
| 1939 | 85 | 94 | 101 | 90 |

On London and New York stock exchanges the slightly rising trend of industrial securities was again maintained last week. An important development was the formation, with public capital, of the English Commercial Corporation, Ltd. (Enco). to develop British trade with south-eastern European countries, initially as an instrument of economic warfare, but "envisaged as a permanent institution". In some respects the activities of the Company may affect Australian export opportunities in the British market. In Britain's drive to expand exports 26 British industries have formed export groups. There was a reduction of 383,000 in unemployment in the United Kingdom between February and March. Dr. Burgin revealed that the Ministry of Supply is spending £1 million a day providing new factories.

The United States Congress has passed the bill to extend for three years from June, 1940 the Reciprocal Trade Agreements Act. This is the general authority of the American Government to negotiate trade agreements.

WOOL. On April 19 wool appraisements in Sydney for 1939-40 will be completed except for clearing-up catalogues in June. Up to April 4, 1940 wool appraised in Sydney totalled 1,234,711 bales, exceeding the

/quantity.....

PART I. (Continued.)

quantity dealt with at auction, etc. in the corresponding period of 1938-39 by 247,905 bales. Arrivals of wool in Sydney were:-

| | |
|-------------------------|-----------------|
| July 1 to April 4, 1940 | 1,192,917 bales |
| " " 1939 | <u>980,369</u> |

Increase 212,548 "

In England Lord Barnby (Controller of Wool Supplies in 1914-18) attacked the administration of the British Wool Control last week. He asserted it had been "unfortunate and amateurish" regarding the release of wool to neutral countries, and said "trade circles express the opinion that wool is growing faster than it is being consumed." There are no particulars of wool stocks in the United Kingdom to guide opinion. Dr. Clunies Ross, Australia's representative on the International Wool Secretariat, stated (4.4.40) that because of British and French requirements no surplus was expected for the current season.

The value of wool already appraised in Sydney is, at the contract price, nearly £21 million. This is about £5 million more than realizations for the full season, 1938-39. The price being paid by the British Government for the 1939-40 clip (13.4375d. (Aust.) per lb.) compares with average prices realized in recent seasons as under:-

AVERAGE PRICE OF GREASY WOOL IN SYDNEY.

Seasons ended June -

| | <u>1926- 29.</u> | <u>1931- 33.</u> | <u>1936- 38.</u> | <u>1938.</u> | <u>1939.</u> | <u>1940. (a)</u> |
|--------------------------|----------------------|----------------------|----------------------|--------------|--------------|------------------|
| Pence (Aust.) per lb. | 17.2 | 8.5 | 14.3 | 12.7 | 10.3 | 13.4 |

(a) Agreed price under British purchase; subject to addition of one-half profit on resale of raw wool outside the United Kingdom.

WHEAT. On North American grain exchanges wheat futures fluctuated last week about the recent level. A London press message reports that British storage capacity is overtaxed by wheat supplies, and that many shipments of Australian 1939-40 wheat have arrived recently. Trading in wheat is limited. Some traders believe crop damage in the United States has been over-estimated. The possibility of a satisfactory Anglo-Argentine trade agreement is a market influence.

The local market is very quiet, with intermittent buying of small quantities of wheat for milling for export. Wheat in silos in New South Wales became subject to the usual storage charge of $\frac{1}{8}$ d. per bushel as from April 1, 1940. No change has been made in the Wheat Board's price but it is stated the silo charges will be taken into consideration by the Board in its transactions with farmers. The prices, f.o.r., Sydney are for bulk wheat for local trade and small export orders, 3s.9 $\frac{1}{2}$ d. per bushel and for bagged wheat for export 4s.0 $\frac{1}{2}$ d. per bushel. The price of bulk wheat is 1s.5 $\frac{1}{2}$ d. per bushel (about 60 per cent.) higher than in early April, 1939.

The price of flour sold locally is unchanged at £12.10s. per ton (including tax.)

/PRICES OF

PART I. (Continued.)

PRICES OF BULK WHEAT - NEW SOUTH WALES.

| | Ex Trucks, Sydney. | Equivalent, Ex Farm, Country Siding. (a) |
|--------------------------------------|-----------------------|---|
| | s.d. per bushel. | |
| Average - Seasons 1930-31 to 1934-35 | 2 9 $\frac{1}{2}$ | 2 2 $\frac{1}{2}$ |
| - Season 1936-37 | 5 3 | 4 8 |
| - " 1938-39 | 2 6 $\frac{1}{2}$ | 1 11 |
| - March, 1939 | 2 4 | 1 8 $\frac{1}{2}$ |
| March, 1940 | 3 9 $\frac{1}{2}$ (b) | (c) |
| April 6, 1940 | 3 9 $\frac{1}{2}$ (b) | (c) |

(a) Excluding bounty. (b) Prices for sale for local consumption.

(c) Farmers have been advanced 2s.6d. a bushel less rail freight.

A further substantial payment is likely if the surplus is sold.

BUTTER. Except on the North Coast the output of butter is unseasonably low and declining, due to the dry summer, still only partially relieved in the south. In February, 1940 the quantity of butter made in New South Wales factories (10.6 million lb.) was less than in February of any year since 1929. In the eight months ended February, however production was 9.3 million lb. or about 13 per cent. greater this season than in 1938-39, though about 10 per cent. below the average for July-Feb., 1931-32 to 1935-36 (90.1 million lb.)

PRODUCTION OF BUTTER - NEW SOUTH WALES FACTORIES.

| | <u>1935-36.</u> | <u>1936-37.</u> | <u>1937-38.</u> | <u>1938-39.</u> | <u>1939-40.</u> |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Thousand lb. | | | | |
| Month of February - | 13,204 | 11,881 | 14,020 | 10,826 | 10,602 |
| Eight Months ended February - | 80,438 | 68,003 | 82,466 | 71,608 | 80,919 |

For cream supplies in March 1940 to certain North Coast factories farmers are being paid 12 $\frac{5}{8}$ d. per lb. of commercial butter made. It is believed that this will be supplemented at a later stage by a deferred pay greater than usual. This is the highest March pay of post-depression years.

PAY FOR CREAM SUPPLIED TO CERTAIN NORTH COAST FACTORIES, N.S.W.

| | Oct. | Nov. | Dec. | Jan. | Feb. | Mar. | Deferred Pay July-Dec. |
|------------|-------------------------------------|------------------|------------------|------------------|------------------|------------------|---------------------------|
| | Pence per lb. of commercial butter. | | | | | | |
| 1933-34 | 9 | 7 $\frac{1}{2}$ | 7 | 6 $\frac{1}{2}$ | 6 $\frac{5}{4}$ | 7 | $\frac{5}{8}$ |
| 1936-37 | 10 $\frac{1}{2}$ | 11 | 10 $\frac{1}{4}$ | 10 | 10 | 11 | 1 $\frac{7}{8}$ |
| 1937-38(a) | 13 $\frac{1}{2}$ | 10 $\frac{3}{4}$ | 10 $\frac{3}{4}$ | 10 $\frac{3}{4}$ | 11 $\frac{1}{4}$ | 12 $\frac{1}{4}$ | $\frac{3}{8}$ |
| 1938-39(a) | 12 | 11 $\frac{1}{2}$ | 11 $\frac{1}{4}$ | 12 $\frac{1}{4}$ | 12 $\frac{1}{2}$ | 12 $\frac{1}{2}$ | 5/16 |
| 1939-40(a) | 12 | 11 $\frac{3}{4}$ | 12 | 12 $\frac{1}{2}$ | 12 $\frac{5}{8}$ | 12 $\frac{5}{8}$ | $\frac{3}{4}$ |

(a) Cartage charges paid by factories (about $\frac{3}{8}$ d. per lb.)

/It is

PART I. (Continued.)

It is reported from London that traders think an early reduction in the fixed price of butter is unlikely and believe that at that price British consumption may not exceed 5 oz. per head compared with the ration allowance of 8 oz. per person per week. Steady imports of Continental as well as Empire butter is believed to be resulting in increasing cold storage stocks. This may have a bearing upon the terms of Australia's contract for the supply of butter to the United Kingdom in 1940-41.

The local sales price of butter is unchanged at 158s.8d. per lb. Production is declining in Victoria but well maintained in Queensland.

Butter prices in Sydney compare as under:-

PRICES OF BUTTER IN SYDNEY - EXPORT AND LOCAL.

| | Average - Seasons ended June. | | | | At April 5. | |
|---------------|---------------------------------|----------|----------|-------|-------------|--------|
| | 1929-32. | 1933-36. | 1937-39. | 1939. | 1939. | 1940. |
| | Shillings (Australian) per cwt. | | | | | |
| Export Parity | 135 | 88 | 122 | 123 | 127 | 137(a) |
| Local Sales | 173 | 134 | 150 | 159 | 159 | 159 |

(a) Agreed price for British purchase, 1939-40.

METALS. In London last week tin met a firm market. The International Tin Committee's statistics for March, 1940 show supplies received and deliveries at near record levels. There was a further reduction in visible supplies which have fallen 7,715 tons (by 25 per cent.) since October, 1939. Comparative particulars are:-

| <u>TIN.</u> | Mar., 1937. | Mar., 1938. | Mar., 1939. | Oct., 1939. | Mar., 1940. |
|-------------|----------------|----------------|----------------|----------------|----------------|
|-------------|----------------|----------------|----------------|----------------|----------------|

Thousands of tons.

| | | | | | |
|------------------------|-------|-------|-------|-------|-------|
| World Visible Supplies | 19.60 | 18.04 | 24.49 | 30.70 | 22.98 |
| Straits Carry-over | 2.61 | 6.47 | 7.55 | 1.34 | 3.90 |
| Supplies Received | 13.73 | 9.65 | 9.08 | 19.02 | 15.96 |
| Deliveries. | 12.89 | 8.01 | 6.52 | 10.04 | 16.85 |

The price of silver in London fluctuated about a level slightly below that of recent weeks.

A survey of Australia's resources of light metal ores is being undertaken with a view to exploitation should a shortage of imported supplies render local production necessary.

Prices (export parity) of principal Australian metals have been relatively steady (due to contracts with the British Government) in recent months at levels well above those ruling prior to the war and in recent years other than 1937. The course of prices of metals in Australian currency is as follows:

/AVERAGE.....

PART I (Continued.)

AVERAGE PRICES OF METALS (EXPORT PARITY, F.O.B., AUSTRALIA).

In Australian Currency.

| | Silver. (Standard) | Lead. (Electrolytic) | Zinc. (Electrolytic) | Tin. (Standard) | Copper. (Electrolytic Wire bars.) |
|------------------|-----------------------|-------------------------|-------------------------|--------------------|---|
| | oz. | ton. | ton. | ton. | ton. |
| | s. d. | £. s. d. | £. s. d. | £. s. d. | £. s. d. |
| average, 1928 | 2 2.8 | 19 11 7 | 26 5 8 | 219 7 5 | 68 6 2 |
| 1934 | 2 2.4 | 12 1 5 | 18 10 10 | 277 19 1 | 40 9 0 |
| 1937 | 2 1.0 | 27 9 3 | 29 1 6 | 292 16 5 | 73 10 8 |
| 1938 | 2 0.1 | 17 12 11 | 19 12 10 | 228 11 10 | 55 15 2 |
| " July, 1939 | 1 9.1 | 16 19 1 | 19 14 6 | 273 3 3 | 59 17 8 |
| " January, 1940 | 2 2.2 | 19 7 7 | 21 6 9 | 276 8 9 | 60 12 6 |
| " February, 1940 | 2 2.2 | 19 0 9 | 21 6 9 | 280 10 1 | 60 12 6 |

/PART II.....

PART II. INTERNATIONAL CURRENCY RELATIONS.

| | Price of Gold (London) | Rate of Exchange. | | | |
|---------------|---------------------------|---------------------------|------------------------|---------------------------|--------------------------|
| | | London on New York. | London on Paris. | New York on London. | New York on Paris. |
| | Per oz. fine. | £ to £stg. | Fr. to £stg. | £ to £stg. | £ to Fr.100 |
| | £. s. d. | (Pegged from Sept.1939.) | | (Open Market.) | |
| Average-1937 | 7 0 9 | 4.94 | 124.6 | 4.94 | 4.04 |
| " -1938 | 7 2 6 | 4.89 | 170.6 | 4.89 | 2.88 |
| " July, 1939 | 7 8 6 | 4.68 | 176.7 | 4.68 | 2.65 |
| " Aug., " | 7 10 6 | 4.61 | 176.4 | 4.61 | 2.62 |
| " Feb., 1940 | 8 8 0 | 4.03 | 176.6 | 3.96 | 2.25 |
| " Mar., " | 8 8 0 | 4.03 | 176.6 | 3.75 | 2.13 |
| March 2, 1940 | 8 8 0 | 4.03 | 176.6 | 3.93 | 2.23 |
| " 30, " | 8 8 0 | 4.03 | 176.6 | 3.53 | 2.00 |
| April 6, " | 8 8 0 | 4.03 | 176.6 | 3.58 | 2.03 |

After weakening progressively for several weeks British and French currencies made a slight recovery in the open exchange market in New York last week. It is reported that in British financial circles the depreciation of sterling in the free market has caused concern and that offsetting action by the United States might be provoked. A press message from Washington on April 1, 1940 stated that the American Treasury would shortly instruct the Customs Department to recognise the British official rate in tariff assessments so that American industry would be protected against the cheapening of imports of British goods in terms of dollars.

Since March 25 the New York Reserve Bank has quoted both free and British official rates of sterling exchange and from April 2, 1940 the dual rate of the Australian pound has been quoted.

From March 27, 1940 the Commonwealth Bank has fixed the rates of exchange, Australia on New York and Batavia. Rates for telegraphic transfers are:-

| | Buying. | Selling. |
|------------------------------------|---------|----------|
| (On New York (dollars to £ Aust.)) | 3.2370 | 3.1982 |
| (On Batavia (guilders to £ Aust.)) | 6.057 | 5.927 |

Australians granted export licenses are required to obtain payment in the currency of the importing country or through a letter of credit registered with the Bank of England and then to deposit the proceeds with a branch or agency of an Australian bank. This action was taken to prevent leakage of money through the free markets which otherwise might augment Australia's resources of foreign exchange. The fixation of exchange rates for dollars and guilders is a necessary measure to assure uniformity of treatment of exporters in applying the regulations.

PART III. FINANCE AND TRADE.

BANK CLEARINGS. The amount of inter-bank clearings in Sydney in March, 1940 (£87.8 million) was £7.3 million greater than in March, 1939. In March quarter clearings totalled £225.7m. in 1938, £222.5m. in 1939 and £259.3m. in 1940. March was the fifth successive month in which the amount of clearings exceeded those of the corresponding month of the preceding year. Factors in this increase were the accelerated turnover and higher price of wool, payment of wheat advances, higher prices, and in March, some transactions connected with the Works and Defence Loan raised that month. There has been also a considerable increase in general business due to war activities, increased employment and higher incomes in both primary and secondary industries.

The index number of bank clearings for March Quarter, 1940 was 7 per cent. above the 1926-30 average and the highest on record for March quarter. The closing of the coal mines in the middle of March has disturbed industrial activity. In other respects increasing purchasing power, relatively stable costs and prices, and continued development of war industries render the background favourable to business.

INTER-BANK CLEARINGS - SYDNEY.

| | <u>Amount. (a)</u> | | <u>Index Number. (b)</u> |
|------|----------------------------------|---------------------------------|---------------------------------|
| | <u>Month of</u> <u>March.</u> | <u>March</u> <u>Quarter.</u> | <u>March</u> <u>Quarter.</u> |
| | £ million. | | (1926-30 = 100) |
| 1929 | 89.8 | 264.1 | 106 |
| 1932 | 42.7 | 136.7 | 63(1933) |
| 1937 | 77.2 | 231.3 | 98 |
| 1938 | 82.6 | 225.7 | 95 |
| 1939 | 80.5 | 222.5 | 93 |
| 1940 | 87.8 | 259.3 | 107 |

(a) Excluding Treasury bill transactions.

(b) The index is adjusted to eliminate the effects of bank amalgamations and special governmental transactions but not for changes in the price level.

REAL ESTATE. Transactions in real estate registered in March, 1940, both for sales and mortgages were below the value in March of any of the preceding four years. The amounts, £2,464,000 for sales and £1,686,000 for mortgages, compared favourably with those of recent months. In March quarter the totals were $19\frac{1}{4}$ and $18\frac{1}{4}$ per cent., respectively below those of 1939.

Trends over the past two years were as shown below:-

REAL ESTATE TRANSACTIONS, NEW SOUTH WALES.

| | <u>Sales.</u> | | <u>Mortgages.</u> |
|--------------|-----------------|-----------------|---------------------------------|
| | <u>1938-39.</u> | <u>1939-40.</u> | <u>1938-39.</u> <u>1939-40.</u> |
| | £m. | £m. | £m. £m. |
| June Quarter | 9.66 | 7.95 | 7.69 5.80 |
| September " | 10.23 | 8.92 | 6.55 6.22 |
| December " | 8.58 | 6.78 | 7.06 4.76 |
| March " | 8.51 | 6.87 | 5.65 4.59 |

The real estate market is said to have improved in recent weeks. Property values are reported as very firm, and tend to rise in the cases of moderately priced houses, shops and residential property, where the demand has increased due to reduced activity in new building. Factory sites and buildings suitable for conversion to factories are in good enquiry.

PART III (Continued.)

REAL ESTATE TRANSACTIONS, NEW SOUTH WALES.

| | Month of March. | | March Quarter. | |
|----------------------|-----------------------------------|---------------|----------------|---------------|
| | Sales. | Mortgages.(a) | Sales. | Mortgages.(a) |
| | Amount of Considerations, £1,000. | | | |
| Average, 1925-29 (b) | (4,619) | (4,042) | (13,857) | (12,126) |
| 1936 | 3,090 | 3,030 | 7,807 | 5,471 |
| 1937 | 2,992 | 2,134 | 8,542 | 5,683 |
| 1938 | 3,280 | 2,036 | 8,947 | 5,675 |
| 1939 | 3,623 | 2,221 | 8,510 | 5,653 |
| 1940 | 2,464 | 1,686 | 6,872 | 4,594 |

(a) Normal renewal of mortgages is included in the figures for years to 1929. Renewals were rendered unnecessary in many cases by the Moratorium Act, 1930.

(b) Monthly and quarterly averages.

STOCK EXCHANGE. In February and March, 1940 the average value of ordinary company shares on the Sydney Stock Exchange declined gradually from the high level of January, 1940, offsetting the appreciation of the preceding four months. In some measure the weakening of the market in March was a reflection of trends in stock markets in London and New York. Latterly values have tended firmer again in Sydney following an upward trend abroad. The absorption of investment funds by the Works and Defence Loan in March may have affected the market for ordinary company shares, while the industrial dispute in the coal mining industry was a factor.

Between the outbreak of war and January, 1940 the index of share values rose by approximately 5 per cent. and fell again to the pre-war level by March, 1940. The general average in March, 1940 was the same as in March, 1939 though values for manufacturing, pastoral and insurance shares were higher. Shares in retail trade and public utility companies were lower in value. Comparisons are:-

INDEX OF VALUE OF ORDINARY COMPANY SHARES - SYDNEY STOCK EXCHANGE.
(Excluding Banks.) Par Value = 100.

| | Shares in Companies engaged in - | | | | | Total 75 Companies. | 34 Active Shares. |
|----------------|--|---------------------------|-----------------------------|-----------------|-----|---------------------------|-------------------------|
| | Manufac- turing & Retail Distrib- Trade. uting. | Public Utili- ties. | Pastoral and Finance. | Insur- ance. | | | |
| 1929-April (a) | 179 | 180 | 129 | 174 | 224 | 174 | 173 |
| 1931-Sept. (b) | 72 | 60 | 88 | 75 | 121 | 74 | 77 |
| 1937-Mar. (c) | 214 | 204 | 181 | 169 | 281 | 190 | 200 |
| 1939-Mar. | 209 | 174 | 171 | 120 | 260 | 176 | 184 |
| Aug. | 213 | 168 | 156 | 118 | 264 | 174 | 185 |
| 1940 Jan. | 229 | 174 | 152 | 132 | 270 | 182 | 195 |
| Feb. | 223 | 171 | 147 | 132 | 269 | 178 | 191 |
| Mar. | 217 | 167 | 142 | 132 | 263 | 174 | 186 |

(a) Pre-depression peak. (b) Lowest point. (c) Highest point.

INTEREST RATES. MORTGAGES. Amendments made in National Security (Capital Issues) Regulations prohibit the transfer of mortgages at a discount of more than 5 per cent. of the capital sum outstanding unless with the consent of the Treasurer. The Commonwealth Treasurer stated (29.3.40) that mortgage rates should tend to fall rather than increase, and if that did not occur he would be obliged to take corrective action.

There is some indication that the gradual increase in mortgage rates of interest which occurred between June, 1935 and December, 1939

/may have..

PART III (Continued.)

may have ceased. In the three months ended February and March, 1940 the weighted average rates of interest on private first mortgages were 5.4 per cent. on rural and 5.7 per cent. on urban securities, after averaging 5.5 and 5.8 per cent., respectively in Oct.-Dec., 1939 and Nov.-Jan., 1940. The average in the case of rural mortgages was 0.3 per cent. above that of a year earlier. Movements over the war period were:-

RATES OF INTEREST ON PRIVATE FIRST MORTGAGES, N.S.W.

Average - Three months ended -

| | <u>1939</u> | | | | | <u>1940</u> | | |
|--|-------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>Aug.</u> | <u>Sept.</u> | <u>Oct.</u> | <u>Nov.</u> | <u>Dec.</u> | <u>Jan.</u> | <u>Feb.</u> | <u>Mar.</u> |
| Weighted average rate - per cent. per annum. | | | | | | | | |
| Rural Mortgages | 5.2 | 5.2 | 5.3 | 5.4 | 5.5 | 5.5 | 5.4 | 5.4 |
| Urban " | 5.5 | 5.5 | 5.6 | 5.7 | 5.8 | 5.8 | 5.7 | 5.7 |

Probably there is a connection between the upward trend of mortgage interest rates over the past twelve months and the progressive decline in building society loans, carrying rates of interest of 5 per cent. and less. Little new finance for co-operative building societies has become available in recent months and prospects for the future depend upon policy in applying the Capital Issues regulations.

Trends in mortgage interest rates since 1934 are:-

AVERAGE RATE OF INTEREST ON PRIVATE FIRST MORTGAGES, N.S.W.

| | Three months ended March. | | | | | | |
|-----------------|--|-------|-------|-------|-------|-------|-------|
| | 1934. | 1935. | 1936. | 1937. | 1938. | 1939. | 1940. |
| | Weighted average rate - per cent. per annum. | | | | | | |
| Rural Mortgages | 5.2 | 4.8 | 4.9 | 5.1 | 5.0 | 5.1 | 5.4 |
| Urban Mortgages | 5.4 | 5.2 | 5.2 | 5.2 | 5.3 | 5.6 | 5.7 |

INTEREST RATES - GOVERNMENT SECURITIES. The Commonwealth Works and Defence £18 million loan closed slightly over-subscribed on March 13, 1940 (two days before the latest closing date) and attracted 14,200 applications. Throughout the period of subscription prices of existing bonds were firm on the Sydney Stock Exchange, and since the loan closed, and particularly over the past week prices have resumed an upward trend. The average net redemption yield on all Commonwealth bonds of five or more years maturity has fallen 4s. per cent. over the past ten weeks (1s.8d. per cent. between March 28 and April 4) and at the end of last week was £3.10s.1d. per cent., compared with £4.1s.11d. per cent. on Sept. 21, 1939. The current average net redemption yield is the lowest recorded since June, 1935.

The Melbourne Board of Works cash and conversion loan of £1 million at $3\frac{7}{8}$ per cent. closed fully subscribed on April 2, 1940 four days before the advertised closing date. The loan was not underwritten.

Interest yields on Government securities show the following trends:-

/NET REDEMPTION....

PART III. (Continued.)

NET REDEMPTION YIELD ON AUSTRALIAN CONSOLIDATED LOANS.

| | With maturities of - | | | |
|------------------|---|-------------------------|-------------------|--------------------------------|
| | Over 5 to 10 years. | Over 10 to 15 years. | Over 15 years. | Over 5 years (overall rate) |
| | Average Net Redemption yield-per cent. per annum. | | | |
| | £. s. d. | £. s. d. | £. s. d. | £. s. d. |
| Average, 1935 | 3 9 7 | 3 10 1 | 3 13 9 | 3 11 1 |
| 1937 | 3 16 4 | 3 17 5 | 3 18 1 | 3 17 4 |
| 1938 | 3 14 5 | 3 15 0 | 3 15 10 | 3 15 0 |
| " Jan-June, 1939 | 3 17 9 | 3 18 4 | 3 18 4 | 3 18 1 |
| " Sept., 1939 | 4 1 0 | 4 1 1 | 4 1 9 | 4 1 3 |
| " Dec. " | 3 15 5 | 3 17 3 | 3 17 11 | 3 16 9 |
| " March, 1940 | 3 10 10 | 3 12 0 | 3 12 7 | 3 11 9 |
| April 4, 1940 | 3 8 10 | 3 10 5 | 3 11 5 | 3 10 1 |

In the first fortnight of issue war savings certificates to the face value of £72,300 were sold.

OVERSEA TRADE (MERCHANDISE) NEW SOUTH WALES. Features of overseas trade in recent months are a remarkable expansion of imports and a high level of exports notwithstanding wartime strains on shipping space.

Merchandise imports in February, 1940 (£A 7.6 million) far surpassed in value those of any other month, and in the four months ended February increased by £A 6.4 million or by 43 per cent. in comparison with Nov.-Feb., 1938-39. The receipt of war equipment - planes, etc. - is an important factor and the arrival of goods ordered prior to the import restrictions, operative from Dec. 1, 1939 accounts for part of the increase.

Exports of wool, meat, butter and lead have increased in value and heavy exports of iron and steel (£A 3.7 million in July-Feb., 1939-40) are significant of this country's part in the Empire's war production.

Totals for the war months and those of one and two years earlier compare as under:-

(OVERSEA TRADE (MERCHANDISE) NEW SOUTH WALES.
(Value in £ million, Australian currency.)

| | IMPORTS. | | | | | | | EXPORTS. | | | | | | |
|---------|----------|-----|-----|-----|-----|-----|---------------|----------|-----|-----|-----|-----|-----|---------------|
| | S. | O. | N. | D. | J. | F. | July- Feb. | S. | O. | N. | D. | J. | F. | July- Feb. |
| 1937-38 | 5.2 | 5.2 | 5.5 | 5.1 | 5.0 | 4.9 | 40.9 | 4.0 | 4.3 | 4.6 | 4.7 | 2.5 | 3.6 | 28.6 |
| 1938-39 | 4.6 | 4.6 | 4.7 | 4.0 | 4.5 | 4.4 | 36.5 | 2.8 | 3.8 | 4.8 | 4.0 | 2.8 | 3.4 | 25.5 |
| 1939-40 | 4.2 | 4.0 | 3.7 | 4.1 | 6.6 | 7.6 | 40.2 | 2.5 | 3.3 | 5.8 | 4.3 | 5.4 | 5.8 | 32.4 |

Although the shipping problem has been met, with considerable success, shipping provision remains an important factor affecting exports, particularly in relation to wheat. Particulars of value of certain major items of export are:-

/EXPORTS FROM.....

PART III. (Continued.)

EXPORTS FROM NEW SOUTH WALES - JULY-FEBRUARY, 1938-39 AND 1939-40.

| Commodity. | Unit of Quantity. | Quantity. | | Value (£A 000) | |
|---------------------|-------------------|-----------|----------|----------------|----------|
| | | 1938-39. | 1939-40. | 1938-39. | 1939-40. |
| Butter | million lb. | 15.0 | 26.3 | 839 | 1,606 |
| Wheat | " | 442 | 254 | 1,028 | 806 |
| Flour | " | 516 | 409 | 1,648 | 1,386 |
| Beef, Mutton & Lamb | " | | | 1,045 | 2,114 |
| Wool (Greasy only) | " | 234 | 207 | | |
| All Wool | | | | 12,627 | 13,033 |
| Pig Lead | 000 cwt. | 779 | 1,260 | 792 | 1,319 |
| Iron and Steel | | | | 914 | 3,709 |
| Eggs | | | | 162 | 194 |

The third import licensing period commenced on April 1, 1940. Further restrictions have been imposed prohibiting, wholly in some cases, partly in others, the import of certain goods from non-sterling countries. These restrictions and those made earlier, effect a cut of over £A 5.25 million in goods imported into Australia of a total value of £A 46.5 million in 1938-39 from non-sterling countries. Goods wholly prohibited include - inter-alia - crude rubber, agricultural implements, cutlery, tiles, wallpapers motor cycles and electrical motors for washing machines. The degree and method of restricting imports of motor cars is still under consideration, and Ministerial statements indicate that further restrictions will be made later, to ensure that all possible foreign exchange is conserved for war purchases.

Some disturbance of local business is inevitable but as an offset, local industries will benefit and British exporters will derive marketing opportunities.

Trade returns for February and the eight months ended February compare as follows:-

OVERSEA TRADE - MERCHANDISE ONLY - NEW SOUTH WALES.

| | February. | | Eight Months ended February. | | | |
|------|------------|----------|------------------------------|----------|----------------|----------|
| | Exports. | Imports. | Exports. | Imports. | Exports. | Imports. |
| | £A million | | £A million. | | Index Numbers. | |
| 1929 | 6.28 | 4.52 | 34.64 | 42.81 | 100.0 | 100.0 |
| 1932 | 3.78 | 1.69 | 22.79 | 15.00 | 65.8 | 35.0 |
| 1937 | 6.41 | 3.35 | 33.99 | 31.85 | 98.1 | 74.4 |
| 1938 | 3.64 | 4.86 | 28.61 | 40.93 | 82.6 | 95.6 |
| 1939 | 3.36 | 4.38 | 25.53 | 36.53 | 73.7 | 85.3 |
| 1940 | 5.79 | 7.60 | 32.41 | 40.18 | 93.6 | 93.9 |

/PART IV.....

PART IV. INDUSTRIES.

IRON AND STEEL. During February, 1940 the output of ingot steel from the Port Kembla and Newcastle works was almost 50 per cent. greater than in February, 1939 and was a record for any month. The production of pig iron was also maintained at a high level.

Owing to the cessation of coal production in practically all mines, activity at the iron and steel works has been drastically curtailed. All blast furnaces at Newcastle are out of production and some thousands of workmen have been put off from these and allied works. According to press reports there is some prospect of a move to bring about an early settlement of the collieries dispute, but until coal supplies are replenished, the nation's war effort must be prejudiced seriously. At the same time the export of iron and steel (mainly to the United Kingdom and New Zealand) which reached a value of £3,709,000 in July-Feb., 1939-40 (compared with £914,000 in the 8 months ended Feb., 1939) will be interrupted.

Trends in the production of iron and steel in New South Wales are shown below.

INDEXES OF PRODUCTION OF IRON AND STEEL - NEW SOUTH WALES.

| | <u>Pig Iron.</u> | <u>Ingot Steel.</u> |
|--------------------------------|------------------|---------------------|
| | Index Numbers. | |
| Monthly Average - Year 1928-29 | 100 | 100 |
| " " 1931-32 | 41 | 51 |
| " " 1937-38 | 202 | 268 |
| " " 1938-39 | 240 | 261 |
| Month of February, 1937 | 196 | 259 |
| " 1938 | 198 | 250 |
| " 1939 | 211 | 236 |
| September-November, " | 303 | 337 |
| February, 1940 | 295 | 354 |